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July 1, 2002

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BEFORE THE BOARD OF MILK CONTROL  
OF THE STATE OF MONTANA  
ANNOUNCEMENT OF CLASS I, II & III PRODUCER PRICES



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JULY 03 2002

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PRODUCER CLASS I PRICE IN MONTANA

CLASS I PRICE FOR MILK TESTING 3.5%	\$13.17 /CWT
CLASS I BUTTERFAT PRICE PER POUND	\$1.17 /LB

EFFECTIVE AUGUST 1, 2002:

The minimum price to pay milk producers, under ARM 32.24.301, is \$13.17 per hundred pounds of milk testing 3.5% butterfat, f.o.b. the milk distributor's plant. When milk does not test 3.5% butterfat, compute the applicable price by applying a differential of 11.7 cents for each one-tenth of one percent butterfat above or below the midpoint of each producer payment. The value of one pound of butterfat utilized will be \$1.17.

PRODUCER CLASS II PRICE IN MONTANA

CLASS II PRICE FOR MILK TESTING 3.5%	REF: ARM 32.24.301(6)
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Average spray process dry milk solids

price per pound	=	\$0.93375
Multiplied by 8.2	x	8.2

Last quote of the month for Grade AA butter	\$7.65680	\$7.65680
minus a differential of \$.0895	=	\$0.96800
Multiplied by 4.2	x	4.2

LESS a make allowance of 8.5% (	\$4.06560	+ \$4.06560
	\$11.7224 X .085)	- \$11.72240
		- \$0.99640
Rounded to the nearest whole cent	= \$10.73 /hundredweight.	=\$10.72600

<b>CLASS II BUTTERFAT PRICE PER POUND</b>			<b>\$1.07 /LB</b>
Last quote of the month for Grade AA butter	=	\$0.96800 X .111 )	= \$0.10745
minus a differential of \$.0895	=		\$0.107
Rounded to the nearest half cent	=		
Butterfat value per pound for milk at 3.5% test:		\$1.07	
Hundredweight price of milk testing 3.5%			
LESS 3.5 pounds of butterfat at		\$1.07 per pound	= \$10.73
Value of 96.5 pounds of skim			- \$3.745
			= \$6.985
<b>CLASS II VALUE OF ONE POUND OF SKIM</b>		6.985 / 96.5 pounds)	= \$0.07238 /LB

**PRODUCER CLASS III PRICE IN MONTANA**

REF: ARM 32.24.301(7)

<b>CLASS III PRICE PER CWT FOR MILK TESTING 3.5%</b>			<b>\$9.18 /CWT</b>
3.5 pounds of butterfat	\$0.87 per pound =		\$3.045
96.5 pounds of skim	\$0.06355 per pound =		\$6.133
			<u>\$9.178</u> /CWT

**CLASS III BUTTERFAT PRICE PER POUND****\$0.87 /LB**

Last quote of the month for Grade AA butter	=	\$0.96800
minus a difference of \$.0895	=	
LESS 10%	-	\$0.09680
		\$0.87120

Rounded to the nearest whole cent = \$0.87 per pound.

**CLASS III PRICE PER CWT FOR SKIM MILK UTILIZED****\$6.35510 /CWT**

Avg. spray process dry milk solid price/lb :	\$0.93375
Multiplied by 8.2	<u>8.2</u>
	\$7.55675
LESS 17%	\$1.30165
	<u>\$6.35510</u>

Rounded to the nearest whole cent = \$6.36 per hundredweight.

BY ORDER OF THE MONTANA MILK CONTROL BUREAU

Compiled by: Monte Nick  
 Monte Nick, Bureau Chief  
 Montana Milk Control Bureau

**BREAKDOWN BY TEST FOR CLASS I, II & III SKIM PRICES**

CLASS I SKIM PRICE BASED ON \$13.17 FOR 3.5% MILK 96.5 LBS = \$9.075		CLASS II SKIM PRICE BASED ON \$10.73 FOR 3.5% MILK 96.5 LBS = \$6.985		CLASS III SKIM PRICE BASED ON \$9.18 FOR 3.5% MILK 96.5 LBS = \$6.133	
TEST	PRICE/LB	TEST	PRICE/LB	TEST	PRICE/LB
2.50	\$0.09308	2.50	\$0.07164	2.50	\$0.06290
2.55	\$0.09312	2.55	\$0.07168	2.55	\$0.06293
2.60	\$0.09317	2.60	\$0.07171	2.60	\$0.06296
2.65	\$0.09322	2.65	\$0.07175	2.65	\$0.06300
2.70	\$0.09327	2.70	\$0.07179	2.70	\$0.06303
2.75	\$0.09332	2.75	\$0.07183	2.75	\$0.06306
2.80	\$0.09336	2.80	\$0.07186	2.80	\$0.06309
2.85	\$0.09341	2.85	\$0.07190	2.85	\$0.06313
2.90	\$0.09346	2.90	\$0.07194	2.90	\$0.06316
2.95	\$0.09351	2.95	\$0.07197	2.95	\$0.06319
3.00	\$0.09356	3.00	\$0.07201	3.00	\$0.06322
3.05	\$0.09360	3.05	\$0.07205	3.05	\$0.06326
3.10	\$0.09365	3.10	\$0.07208	3.10	\$0.06329
3.15	\$0.09370	3.15	\$0.07212	3.15	\$0.06332
3.20	\$0.09375	3.20	\$0.07216	3.20	\$0.06335
3.25	\$0.09380	3.25	\$0.07220	3.25	\$0.06339
3.30	\$0.09385	3.30	\$0.07223	3.30	\$0.06342
3.35	\$0.09390	3.35	\$0.07227	3.35	\$0.06345
3.40	\$0.09394	3.40	\$0.07231	3.40	\$0.06349
3.45	\$0.09399	3.45	\$0.07235	3.45	\$0.06352
3.50	\$0.09404	3.50	\$0.07238	3.50	\$0.06355
3.55	\$0.09409	3.55	\$0.07242	3.55	\$0.06358
3.60	\$0.09414	3.60	\$0.07246	3.60	\$0.06362
3.65	\$0.09419	3.65	\$0.07250	3.65	\$0.06365
3.70	\$0.09424	3.70	\$0.07253	3.70	\$0.06368
3.75	\$0.09429	3.75	\$0.07257	3.75	\$0.06372
3.80	\$0.09433	3.80	\$0.07261	3.80	\$0.06375
3.85	\$0.09438	3.85	\$0.07265	3.85	\$0.06378
3.90	\$0.09443	3.90	\$0.07268	3.90	\$0.06382
3.95	\$0.09448	3.95	\$0.07272	3.95	\$0.06385
4.00	\$0.09453	4.00	\$0.07276	4.00	\$0.06388
4.05	\$0.09458	4.05	\$0.07280	4.05	\$0.06392
4.10	\$0.09463	4.10	\$0.07284	4.10	\$0.06395
4.15	\$0.09468	4.15	\$0.07287	4.15	\$0.06398
4.20	\$0.09473	4.20	\$0.07291	4.20	\$0.06402
4.25	\$0.09478	4.25	\$0.07295	4.25	\$0.06405
4.30	\$0.09483	4.30	\$0.07299	4.30	\$0.06408
4.35	\$0.09488	4.35	\$0.07303	4.35	\$0.06412
4.40	\$0.09493	4.40	\$0.07306	4.40	\$0.06415
4.45	\$0.09498	4.45	\$0.07310	4.45	\$0.06418
4.50	\$0.09503	4.50	\$0.07314	4.50	\$0.06422

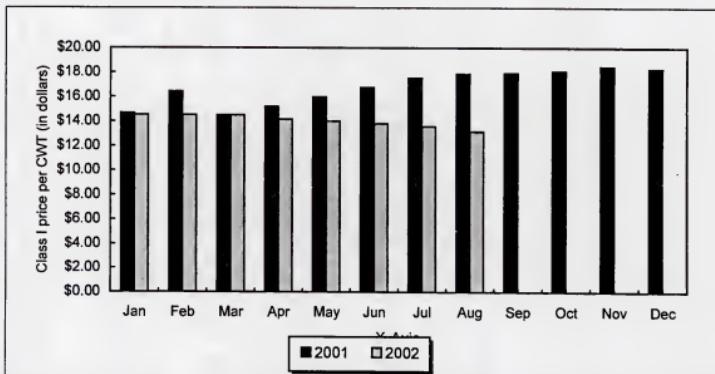
**PRODUCER CLASS I PRICE IN MONTANA**

Charts below show a class I price comparison for 2001 and 2002

Statistics from the Montana Milk Control Bureau

Month	2001	2002	Difference	% Change
January	\$14.68	\$14.53	(\$0.15)	-1.02%
February	\$16.43	\$14.51	(\$1.92)	-11.69%
March	\$14.49	\$14.50	\$0.01	0.07%
April	\$15.20	\$14.17	(\$1.03)	-6.78%
May	\$15.99	\$14.02	(\$1.97)	-12.32%
June	\$16.76	\$13.81	(\$2.95)	-17.60%
July	\$17.54	\$13.58	(\$3.96)	-22.58%
August	\$17.89	\$13.17	(\$4.72)	-26.38%
September	\$17.95			
October	\$18.11			
November	\$18.48			
December	<u>\$18.31</u>			
Average	\$16.82	\$14.04	(\$2.09)	-12.29%

Prices are per hundredweight (CWT).

**Completion of pooling (prior to audit) shows the producer quota blend prices to be:**

MAY 2002: class I = \$8.45; class II = \$1.56; Class III = \$2.61; total = \$12.63

(calculations based upon utilization percentages of butterfat &amp; skim)